

Message Text

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PAGE 01 TORONT 01271 101514Z
ACTION EB-08

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FM AMCONSUL TORONTO
TO SECSTATE WASHDC 7473
INFO AMEMBASSY OTTAWA

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E.O. 11652: N/A
TAGS: ETEL, CA
SUBJ: FEDERAL COMMUNICATIONS MINISTER ADDRESS ON CROSS-BORDER TV
ADVERTISING DOLLARS

1. IN A SHARPLY-WORDED ADDRESS TO THE JOINT DIRECTORS' MEETING OF THE U.S. NATIONAL ASSOCIATION OF BROADCASTERS AND THE CANADIAN ASSOCIATION OF BROADCASTERS IN TORONTO JUNE 29, FEDERAL COMMUNICATIONS MINISTER JEANNE SAUVE REIGNITED THE U.S.-CANADIAN DISPUTE OVER CROSS-BORDER TV ADVERTISING DOLLARS. THE MINISTER SHOCKED AND ANGERED U.S. BROADCAST INDUSTRY EXECUTIVES BY TELLING THEM THEIR BORDER TV STATIONS HAVE NO RIGHT TO CANADIAN ADVERTISING DOLLARS AND THAT OTTAWA WILL PREVENT THEM FROM CASHING IN ON CANADIAN VIEWERS.

2. THE U.S. BROADCASTING REPRESENTATIVES HOPED TO CONVINCE THE MINISTER NOT ONLY TO DROP THE CANADIAN INCOME TAX REVISION WHICH PREVENTS CANADIAN BUSINESSES FROM DEDUCTING EXPENSES FOR COMMERCIALS ON U.S. CHANNELS BEAMING INTO CANADA, BUT ALSO TO GAIN JEANNE SAUVE'S SUPPORT FOR A CONTINUED MORATORIUM ON CANADIAN CABLE COMPANIES' POLICY OF DELETING THESE COMMERCIALS. INSTEAD, THE MINISTER STATED BLUNTLY THAT THE ONLY QUESTION IS WHETHER THE TAX REVISION HAS STOPPED ENOUGH ADVERTISING DOLLARS FROM GOING TO THE U.S. OR WHETHER IT WILL BE NECESSARY TO PRACTICE
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SIMULTANEOUS PROGRAM SUBSTITUTION.

3. THE MINISTER STATED THAT THE ESTIMATED TWENTY MILLION DOLLAR ANNUAL SPENDING FOR ADVERTISING DIVERTED FROM CANADIAN TO U.S. STATIONS IS TEN PERCENT OF ALL TV ADVERTISING REVENUE IN CANADA. GIVEN THIS MAGNITUDE OF REVENUE, OTTAWA IS STUDYING THE FINANCIAL EFFECTS OF THE INCOME TAX REVISION AND THEN WILL

REVIEW ITS APPROACH TO THE BORDER ADVERTISING ISSUE.

4. THE MINISTER STRESSED QUOTE IT SHOULD BE CLEAR FROM THE OUTSET THAT THE GOVERNMENT AND THE CANADIAN RADIO TELEVISION AND TELECOMMUNICATIONS COMMISSION STILL FEEL THE NEED TO PROTECT AND ENCOURAGE THE DEVELOPMENT OF OUR BROADCASTING SYSTEM IF IT IS TO BE RESPONSIVE TO THE NEEDS OF THE PEOPLE OF CANADA. THERE ARE WAYS AND MEANS OF RESOLVING THIS IN A FRIENDLY MANNER. THE AMERICANS COULD BE BROUGHT TO UNDERSTAND THE REASON FOR COMMERCIAL DELETION IF THEY KNOW THAT WE RELY ON THE REVENUES FOR OUR VERY SURVIVAL. UNQUOTE.

5. BROADCAST EXECUTIVES DISENCHANTED WITH THE MINISTER'S SPEECH CAN AT LEAST CONSOLE THEMSELVES WITH RUMORS OF HER IMMINENT RESIGNATION FROM THE CABINET FOLLOWING PRIME MINISTER TRUDEAU'S OFFER TO HER OF THE QUEBEC LIEUTENANT GOVERNOR'S POST. TEXT OF THE MINISTER'S ADDRESS FORWARDED TO DEPARTMENT TODAY BY EMBASSY OTTAWA. REACTION TO SPEECH BY TORONTO MEDIA AND U.S. BROADCAST EXECUTIVES WAS SHOCK AND ANGER, A REACTION STEMMING PARTICULARLY FROM QUESTION-AND-ANSWER SESSION, NOT NECESSARILY FROM PREPARED ADDRESS.

DIGGINS

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Message Attributes

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Disposition Reason:
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